



MORNING COMMENTS

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Thursday, September 8, 2011

Position Management: The table shows how the Model Farm is positioned at this time. Individual recommendations may vary.

	2010 Crop	2011 Crop	2012 Crop
Corn	100% sold with basis set	50% sold HTA	30% sold HTA
Soybeans	100% sold with basis set	50% sold HTA	20% sold HTA
Wheat	100% sold with basis set	50% sold HTA	none

Next Major USDA Reports: Monday September 12, 2011 WASDE & Crop Production ;

Friday September 30, 2011 Quarterly Grain Stocks

Hedge: a means of protection against something, especially a means of guarding against financial loss

Speculate: to form a conjecture on the basis of incomplete facts or information, to engage in financial transactions that have an element of risk.

Market Talk The trade continues to receive mixed data on corn yield from nearly every analyst that makes a projection. Yesterday's early corn yield estimates ranged from 151 bushels per acre all the way down to 143.3 bushels per acre. One reason for these wide arrays of estimates is different methods of collecting data, which range from field walking to satellite imagery. Also, some firms are predicting what the field will yield at its current state, and others are trying to predict final yield.

Since 1975 when USDA's Aug yield estimate has been lower than the July estimate, as was this year, the trend is for lower yield estimates in September. For corn, in the 19 years that Aug was lower than July, the Sept estimates was lower 12 times. For soybeans, in the 18 years that the Aug estimate was lower than July, USDA's Sept estimated yield was lower 14 times.

Trend Adjusted APH is a New Crop Insurance Pilot Program: Just approved last week for 2012, producers will have the ability to utilize a new Pilot program that will be available in 14 states called "Trend Adjusted APH" for corn and soybeans. It is designed for situations where a producer's yearly yield has exceeded their APH history. RMA will publish a county trend adjust number that more accurately reflects long term trends that can be used for a producers yield for certain years. It would apparently work similar to a plug yield for those who qualify allowing for an additive upward adjustment to yields that reflect the long term trend. Producers with at least 1 year of production history are eligible to use 1, 2, 3 or 4 years of actual history will be allowed to use 25%, 50%, 75% or 100% increments, respectively, of the difference between their APH and the adjusted trend yields. The newly established trend yield cannot exceed the producer's highest actual yield from their historical data base. We will have more information once RMA releases it to the crop insurance companies. **Please keep us in mind for your 2012 crop insurance needs.**

Corn S&D Table: The table shows a couple of alternative lower yields for this year's 2011/12 crop. Average of trade estimates is for a yield of 148.4 and a carry out of 636 million bushels for 2011/12.

U.S. Corn Supply / Demand (mb)									
	USDA	USDA	USDA	USDA	Aug USDA	Aug USDA	Alt 1	Alt 2	Early Look
	06/07	07/08	08/09	09/10	10/11	11/12	11/12	11/12	12/13
Planted	78.3	93.6	86.0	86.5	88.2	92.28	92.28	92.28	92.0
Harvested	70.6	86.5	78.6	79.6	81.44	84.41	84.41	84.41	84.81
% Harvested	90.2%	92.4%	91.4%	92.0%	92.17%	91.47%	91.47%	91.47%	92.18%
Yield	149.1	151.1	153.9	164.7	152.8	153.0	151.0	148.0	157.0
Carryin	1,967	1,304	1,624	1,673	1,708	940	940	940	714
Production	10,535	13,074	12,092	13,110	12,447	12,914	12,745	12,492	13,314
Imports	13	18	13	9	30	20	20	20	11
Supply	12,515	14,396	13,729	14,792	14,185	13,874	13,705	13,452	14,039
Feed	5,598	6,002	5,246	5,159	5,000	4,900	4,900	4,900	5,000
Seed, Food, Ind	3,488	4,345	4,953	5,938	6,420	6,510	6,510	6,510	6,400
Ethanol Use	2,117	3,000	3,677	4,568	5,020	5,100	5,100	5,100	5,000
Exports	2,125	2,425	1,858	1,987	1,825	1,750	1,750	1,750	1,800
Demand	11,211	12,772	12,056	13,084	13,245	13,160	13,160	13,160	13,200
Carryout	1,304	1,624	1,673	1,708	940	714	545	292	839
CO/Use	11.6%	12.7%	13.9%	13.1%	7.1%	5.4%	4.1%	2.2%	6.4%
CO/Days Use	42	46	51	48	26	20	15	8	23
Price	\$ 3.04	\$ 4.20	\$ 4.06	\$ 3.55	\$ 5.20	\$ 6.20			
range					\$ 5.30	\$ 7.20			

The 1960-2010 trend yield for this year is 157.3 bushels/acre. The trend yield for 1996-2010, a period which corresponds with biotech corn traits and fits the biases of optimists better than does the longer term trend, is 161.3 bushels per acre. Of concerning for this year is USDA's estimate that 21% of this year's corn acres are in poor or very poor condition where only 11% rated in those bottom two categories in 2010.

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Soybean S&D Table: The table shows a couple of alternative lower yields for this year's 2011/12 crop. The average of trade estimates is for a 2011/12 yield of 41.0 and a carry out of 152 million bushels.

U.S. Soybean Supply / Demand (mb)									
	USDA	USDA	USDA	USDA	Aug USDA	Aug USDA	Alt 1	Alt 2	Early Look
	06/07	07/08	08/09	09/10	10/11	11/12	11/12	11/12	12/13
Planted	75.5	64.7	75.7	77.5	77.7	75.0	75.0	75.0	76.0
Harvested	74.6	62.8	74.6	76.3	76.6	73.81	73.81	73.81	75.16
% Harvested	98.8%	97.1%	98.6%	98.5%	98.80%	98.41%	98.41%	98.41%	98.90%
Yield	42.7	41.7	39.7	44.0	43.5	41.4	41.0	40.0	43.4
Carryin	449	574	205	138	151	230	230	230	155
Production	3,187	2,676	2,967	3,359	3,329	3,056	3,026	2,952	3,262
Imports	10	10	13	15	15	15	15	15	15
Supply	3,646	3,260	3,185	3,512	3,495	3,301	3,271	3,198	3,432
Crush	1,806	1,802	1,662	1,752	1,645	1,635	1,635	1,635	1,650
Exports	1,118	1,150	1,283	1,498	1,495	1,400	1,400	1,400	1,500
Seed	78	94	95	90	87	90	90	90	92
Residual	70	9	6	21	38	21	21	21	24
Demand	3,072	3,055	3,047	3,361	3,265	3,146	3,146	3,146	3,266
Carryout	574	205	138	151	230	155	125	52	166
CO/Use	18.7%	6.7%	4.5%	4.5%	7.1%	4.9%	4.0%	1.6%	5.1%
CO/Days Use	68	25	17	16	26	18	15	6	19
Price range	\$ 6.43	\$ 10.15	\$ 9.97	\$ 9.59	\$ 11.35	\$ 12.50			
						\$ 14.50			

Outside Markets:

U.S. Dollar Index	75.850	+0.284	+0.38%	Euro FX	1.39950	-0.00940	-0.67%	Ethanol Futures	Oct 11	2.809p	-0.007
CRB CCI Index	649.00p	+2.00	+0.31%	Canadian Dollar	1.01460	+0.00050	+0.05%	Gasoline RBOB (E)	Oct 11	2.9080p	+0.0854
Gold	1854.7	+40.5	+2.23%	Japanese Yen	1.29400	+0.00070	+0.05%	Diesel Gulf (ULSD)	Oct 11	3.1156s	+0.0658
Silver	42.200	+0.628	+1.51%	Australian Dollar	1.06080	-0.00240	-0.23%	Heating Oil (E)	Oct 11	3.0756p	+0.0654
DJIA	11415p	+287	+2.58%	Chinese Renminbi	0.156600	+0.000110	+0.07%	Crude Oil Brent (E)	Oct 11	115.58	-0.22
S&P 500 Index	1187.60	-11.40	-0.95%	Mexican Peso	0.080000	-0.000200	-0.25%	Natural Gas (E)	Oct 11	3.940p	+0.002
Nasdaq 100	2206.50	-15.50	-0.7%	1-Month Libor	99.7800	+0.0125	+0.01%	Polypropylene	Oct 11	0.8625s	0.0000
Russell 1000 Growth	563.10p	+15.60	+2.85%	T-Bond	141-20	+0-28	+0.62%	Polyethylene	Oct 11	0.6100s	0.0000
MSCI EMI Index	1006.20	-20.70	-2.02%	3-Month T-Bill	992.7000s	0.0000	-	RME Biodiesel	Sep 11	1501.727p	+20.682
Nikkei 225	8770.00	-95.00	-1.07%	5-Year T-Note	123-265	+0-2.5	+0.13%	Coal Futures	Oct 11	75.15p	+0.10
Brazilian Real	0.59995s	+0.00145	+0.24%	10-Year T-Note	131-065	+0-100	+0.24%	Uranium	Sep 11	50.45p	0.00

Weather

Central Illinois:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
08	09	10	11	12	13	14	15	16	17
PM Showers	Sct T-Storms	Iso T-Storms	P Cloudy	Sunny	M Sunny	Sunny	P Cloudy	P Cloudy	P Cloudy
74° 60°	72° 58°	80° 59°	83° 60°	88° 66°	84° 55°	78° 55°	80° 58°	79° 61°	79° 56°

Central Iowa:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
08	09	10	11	12	13	14	15	16	17
M Sunny	PM T-Storms	P Cloudy	Sunny	Sunny	Sunny	Sunny	Showers	Sunny	P Cloudy
80° 59°	80° 59°	80° 57°	82° 61°	84° 64°	74° 54°	73° 58°	76° 58°	79° 60°	76° 58°

South Central Minnesota:

thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
08	09	10	11	12	13	14	15	16	17
P Cloudy	Sunny	Sunny	Sunny	Sunny	Sunny	P Cloudy	Showers	P Cloudy	M Sunny
83° 56°	87° 58°	86° 59°	86° 62°	82° 51°	73° 45°	72° 54°	75° 53°	71° 54°	

Central Indiana:

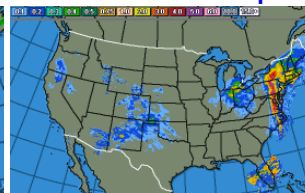
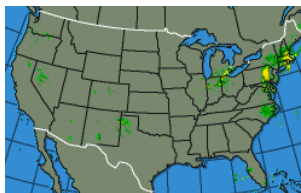
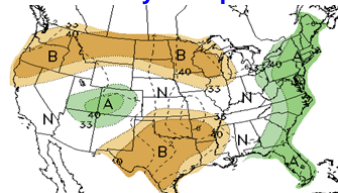
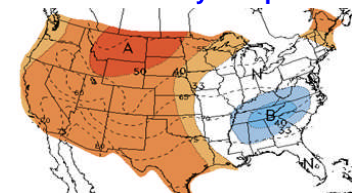
thu	fri	sat	sun	mon	tue	wed	thu	fri	sat
08	09	10	11	12	13	14	15	16	17
Showers	Few Showers	Sct T-Storms	Iso T-Storms	Sunny	M Sunny	Sunny	M Sunny	Sct T-Storms	P Cloudy
65° 59°	70° 57°	78° 58°	80° 59°	85° 63°	86° 56°	76° 55°	78° 57°	79° 60°	79° 56°

8-14 Day Temp

8-14 Day Precipitation

Current Radar

Last 24 hr Precip



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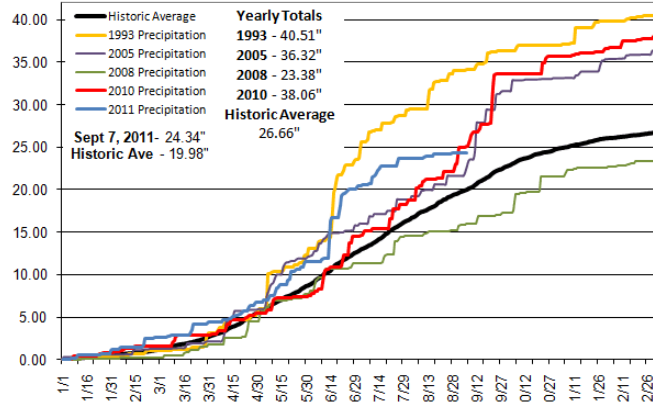
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Official Weather Station -2011

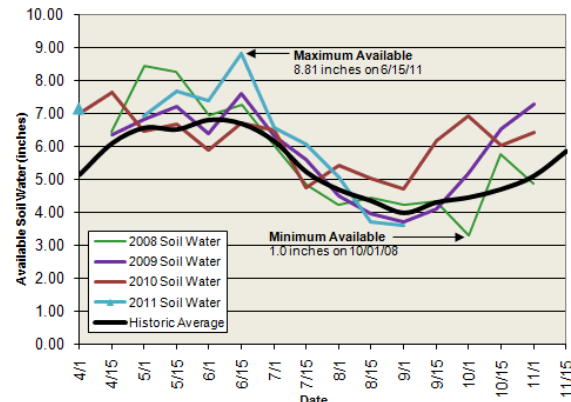
SW Research and Outreach Center
University of Minnesota
Lamberton, MN 56152

2005-2011 Yearly Precipitation Totals vs. Historic Average
Southwest Research and Outreach Center
Lamberton, MN



2008-2011 Soil Water vs. Historic Average

Historic Average (1966 - 2010)
Southwest Research & Outreach Center
Lamberton, MN



Corn: Morning: Sept 11 Corn is at \$7.37 , up ½ cents, Dec 11 Corn closed at \$7.45 ¼ , down 2 ¾ cents, Mar 11 corn closed at \$7.58 , down 2 ¾ cents, July 12 Corn is at \$7.69 , down 3 cents, Yesterday's Close: Sept 11 Corn closed at \$7.36 ½ , down 10 ¼ cents, Dec 11 Corn closed at \$7.48, down 7 ¾ cents, Mar 12 Corn closed at \$7.60 ¾ , down 7 ½ cents Dec 12 Corn closed at \$6.63 ¾ , down 2 cents
Corn futures closed lower, weighed by nearing harvest and demand concerns with underlying support from concerns about supply. The corn crop has continued to deteriorate according to the USDA weekly Crop Progress report. Prices slowed the upward momentum over the last week trading mainly sideways. We could see more of that heading into the monthly Supply/Demand report coming out Monday as traders get in position ahead of the report. Analysts average trade estimate for Corn production is 12.554 billion bushels with an average yield estimate of 149.2 BPA. Export sales will be out Friday instead of Thursday because of the Labor Day holiday. Above normal temperatures are in the forecast for states west of the Missouri River with rains normal to below normal with the exception of the east coast and south west. End user supplies are said to be adequate heading into harvest, which is just around the corner in the major production states.

Soybean Complex: Morning: Sept 11 Soybeans closed at \$14.12 , up 1 cent, Nov 11 Soybeans closed at \$14.13 , down 7 ¾ cents, Jan 11 Soybeans closed at \$14.23 ¼ , down 8 ¼ cents, Jul 12 Soybeans closed at \$14.39 ¼ , down 5 ¼ cents , Yesterday's Close: Sept 11 Soybeans closed at \$14.11, down 2 ½ cents, Nov 11 Soybeans closed at \$14.20 ¾ , down 1 ¾ cents, Jan 12 Soybeans closed at \$14.31 ½ , down ¾ cent, Nov 12 Soybeans closed at \$13.90, up 4 cents, Sep 11 Soybean Meal closed at \$367.20, down \$1.10, Sep 11 Soybean Oil closed at \$58.18, up \$0.62
Soybean futures closed mildly lower. Crop condition ratings deteriorated a point from last week. Stats Canada canola stocks as of July 31st were at the five year average at 1.828 MMT and above trade estimates that ranged from 0.70 to 1.300 MMT but below a year ago by .44 MMT. The USDA will publish the monthly Supply/Demand report Monday. Analyst average estimate is for a 3.032 billion bushel crop with an average yield estimate of 41.1 BPA. Crude oil was sharply higher along with the stock market ahead of the president's speech on economic stimulus.

Wheat: Morning: Dec 11 CBOT Wheat closed at \$7.47 ½ , down 4 cents, Dec 11 MGEX Wheat is at \$9.22 ¼ , down 4 ¼ cents
Yesterday's Close: Sept 11 CBOT Wheat closed at \$7.14 ¾ , down 1 ½ cents, Sep 11 KCBT Wheat closed at \$8.42, down 4 cents, Sep 11 MGEX Wheat closed at \$9.64 ¼ , down 6 ¾ cents
Wheat futures started the day higher but closed mildly lower. The US was skipped in the Egyptian wheat tender which weighed on the market. Stats Canada published the grain stocks statistics as of July 31st today adding pressure to the market. Wheat stocks were 7.189 MMT, down 8.2% from the previous year on that date but wheat stocks were above the trade estimates that ranged from 5.5 to 6.8 MMT. Most of the decrease was for on farm stocks with little change indicated in Commercial stocks. Durum wheat showed the largest decline with stocks falling to 1.583 MMT from 2.708 in 2010 for July 31st near the upper end of trade estimates. The USDA will publish the monthly WASDE report Monday, September 12th.

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Cattle: Yesterday's Close: Oct 11 Cattle closed at \$117.650, up \$0.675, Dec 11 Cattle closed at \$118.700, up \$0.425, Feb 12 Cattle closed at \$121.650, up \$0.350, Sep 11 Feeder Cattle closed at \$133.925, up \$0.125 Oct 11 Feeder Cattle closed at \$134.800, up \$0.325 Nov 11 Feeder Cattle closed at \$136.125, up \$0.525

Cattle futures closed moderately higher. Cash business has yet to seriously develop. Feedlots are asking \$115 to \$116 which is about \$2 below futures currently. Pasture conditions continue to deteriorate in the U.S. with ratings at 33 a drop of 3 points from last week and 12 points lower than the five year average. Feeder cattle are trading higher but seasonally reach their price peak in August and decline into the end of the year. Herd rebuilding in Australia is increasing on improved pasture conditions with producers holding cows off the market for breeding which will limit slaughter. Boxed beef prices were mixed. Choice beef was down \$0.30 and Select beef was up \$0.06.

Hogs: Yesterday's Close:

Lean hog futures closed higher after the big sell off yesterday. Concerns over U.S. and European economies have evidently reversed, at least today with outside markets higher. Cash hogs traded \$1.25 higher in IA/MN, \$.42 lower in the ECB and \$1.38 higher in the WCB. Pork production is increasing world wide but demand is exceeding supply globally sending buyers to the U.S. increasing U.S. exports. Australia is ramping up their pork production which could directly affect trade with the U.S. best pork customer, China, because of logistics. The last five years hog futures prices have declined after the second week of September. Pork trading is slow with light demand and mostly moderate offerings. The Lean Hog Index was down \$1.74 as of September 2nd. The carcass cutout was up \$1.13 this afternoon. Oct 11 Hogs closed at \$84.850, up \$1.500, Dec 11 Hogs closed at \$82.400, up \$1.150 Feb 12 Hogs closed at \$87.575, up \$2.050

Cotton: Yesterday's Close: Oct 11 Cotton closed at 110.24, up 400 points, Dec 11 Cotton closed at 110.34, up 400 points Dec 12 Cotton closed at 98.73, up 100 points

Cotton futures closed limit higher on the front 6 contracts, climbing above moving averages, supported by the Crop Progress report out Tuesday which showed damages as a result of the recent storms. This was insult to injury for the crop which was already stressed by drought. The National Cotton Reserve Corp of China plans to stockpile cotton to protect farmers after prices fell below \$3,098 a tonne for five consecutive days. The Chinese government will purchase an unlimited amount of cotton at the \$3,098/tonne or 19,800 yuan level once the buying begins. Certificated Stocks in the U.S. were up slightly from the previous day at 16,953 bales.

Lean Hogs Weekly

HE - Lean Hogs (CME) - Weekly OHLC Chart
Op:85.400, Hi:85.600, Lo:83.050, Cl:85.250



Live Cattle Weekly

LE - Live Cattle (CME) - Weekly OHLC Chart
Op:114.775, Hi:118.050, Lo:114.500, Cl:117.150



Soybean Meal Weekly

ZM - Soybean Meal (CBOT) - Weekly OHLC Chart
Op:376.6, Hi:376.6, Lo:364.7, Cl:365.0



Feeder Cattle Weekly

GF - Feeder Cattle (CME) - Weekly OHLC Chart
Op:132.350, Hi:134.200, Lo:132.000, Cl:133.525



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Sept 11 Corn Daily Chart

ZCU11 - Corn (CBOT) - Daily OHLC Chart



Dec 11 Corn Daily Chart

ZCZ11 - Corn (CBOT) - Daily OHLC Chart



Sept 11 Soybean Daily Chart

ZSU11 - Soybeans (CBOT) - Daily OHLC Chart



Nov 11 Soybean Daily Chart

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart



Sept 11 Mpls Spring Wheat Daily Chart

MWU11 - Spring Wheat (MGEX) - Daily OHLC Chart



Dec 11 Mpls Spring Wheat Daily Chart

MWZ11 - Spring Wheat (MGEX) - Daily OHLC Chart



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